

STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

IN THE MATTER OF:

UNION NATIONAL LIFE INSURANCE COMPANY,
UNITED INSURANCE COMPANY OF AMERICA, and
THE RELIABLE LIFE INSURANCE COMPANY

Matter No: D 02-70

CONSENT ORDER

The Office of the Insurance Commissioner ("OIC") of Washington State hereby finds:

1. By unanimous Resolution of the National Association of Insurance Commissioners (hereinafter "NAIC"), dated June 12, 2000, the NAIC authorized the Illinois Department of Insurance, in consultation with other regulators, to act as primary negotiator in negotiations with UNION NATIONAL LIFE INSURANCE COMPANY, UNITED INSURANCE COMPANY OF AMERICA, and THE RELIABLE LIFE INSURANCE COMPANY (hereinafter "THE COMPANIES"), seeking a proposed negotiated settlement of issues resulting from claims of racially discriminatory practices by THE COMPANIES relating to the sale of industrial life and small face amount life insurance policies.
2. The aforementioned racially discriminatory practices occurred in numerous states and the District of Columbia. One or more of THE COMPANIES is licensed to transact insurance in this state. As affecting this state, OIC has jurisdiction over the subject matter of this proceeding and THE COMPANIES.
3. In accordance with said NAIC Resolution, a proposed settlement has been presented to OIC, the terms of which are set forth in the Regulatory Settlement Agreement dated May 2, 2002, which has been executed by THE COMPANIES and the Illinois Department of Insurance, in its capacity as primary negotiator, which is attached hereto as Exhibit "A".

4. Upon review of the Regulatory Settlement Agreement, it is found that it is a fair and proper disposition of the matters addressed therein.

5. The statement in item 4 on page 9 of the Regulatory Settlement Agreement is restricted to consent orders related to the above-captioned litigation.

IT IS THEREFORE ORDERED:

The Regulatory Settlement Agreement dated May 2, 2002, Exhibit "A" hereto, with the addition of item 5 above, is hereby approved, adopted and fully incorporated herein by reference. THE COMPANIES shall immediately initiate compliance with all terms and conditions of the Regulatory Settlement Agreement as incorporated herein, including payment of the allocated sanction in the amount specified for this state as set forth by Exhibit 2 of Regulatory Settlement Agreement, are hereby ORDERED.

[SIGNATURE PAGE FOLLOWS]

DONE and ORDERED as of June 5, 2002.

Office of the Insurance Commissioner

By: _____

Name: Mike Kreidler

Title: Insurance Commissioner

APPROVED AND AGREED TO BY AND ON BEHALF OF THE COMPANIES
(SIGNATURES PROVIDED FOR ONLY THOSE COMPANIES LICENSED IN THE STATE
SET FORTH ABOVE) BY:

UNION NATIONAL LIFE INSURANCE
COMPANY

UNITED INSURANCE COMPANY
OF AMERICA

By: _____

By: _____

Name: Jerry W. Hester

Name: Don M. Royster, Sr.

Title: President

Title: President

THE RELIABLE LIFE INSURANCE COMPANY

By: _____

Name: Don M. Royster, Sr.

Title: President

COPIES FURNISHED TO:

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Illinois Department of Insurance
320 West Washington Street – 4th Floor
Springfield, Illinois 62767

IN THE MATTER OF:

**UNION NATIONAL LIFE INSURANCE COMPANY,
UNITED INSURANCE COMPANY OF AMERICA, AND
THE RELIABLE LIFE INSURANCE COMPANY**

REGULATORY SETTLEMENT AGREEMENT

This is a settlement agreement (the “Regulatory Settlement Agreement”) between Union National Life Insurance Company (“Union National”), United Insurance Company of America (“United”), and The Reliable Life Insurance Company (“Reliable”) (hereinafter referred to collectively as the “Companies”) and the Illinois Department of Insurance (the “Primary Regulatory Negotiator”) for and on behalf of the Insurance Regulators of each of the states in the United States and the District of Columbia adopting this Regulatory Settlement Agreement.¹

This cause came on for consideration upon the following:

1. On April 26, 2000, the Illinois Department of Insurance began an Examination into industrial and small face amount life insurance policies and accident insurance policies issued by the Companies and has engaged in an extensive investigation of these products.
2. That investigation indicates that in some cases, industrial and small face amount life insurance policies and accident insurance policies were sold to African-

¹ All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Stipulation of Settlement between and among Plaintiffs’ in James Williams, et al. v. United Insurance Company of America, et al., No. CV 01-930, Circuit Court of Jefferson County, Alabama (Bessemer Division) (the “Action”), in their individual and representative capacities, and Union National Life Insurance Company, United Insurance Company of America and The Reliable Life Insurance Company dated January 7, 2002.

Americans and other minorities with higher premiums than those charged to Caucasians, a common but regrettable historic practice.

3. Many instances exist where the disparate treatment was never corrected and is still in force across the nation, with different premiums still being collected, and death benefits not appropriately adjusted.
4. In the course of our investigation it was revealed that, in some instances in which an insured was covered by multiple in force life insurance policies issued by the Companies, the beneficiaries of such policies had not received payment of all death benefits under all of such policies (“Unclaimed Benefits”).
5. As several other states have initiated information gathering and investigations, it is desirable to coordinate state regulatory efforts to provide consistent and fair treatment for affected policyholders, and to address the problem in an efficient and expedited manner.
6. To that end, the members of the National Association of Insurance Commissioners (hereinafter “NAIC”), as the chief insurance regulatory officials of their respective jurisdictions, have jointly agreed to work with the Illinois Insurance Director, and Insurance Commissioners for the States of Texas, Florida, Louisiana and Missouri (the “Primary Regulatory Working Group”), and in consultation with other regulators, to effectuate this Regulatory Settlement Agreement.

IT IS HEREBY STIPULATED AND AGREED:

I. INTRODUCTION:

- A. This Regulatory Settlement Agreement was negotiated as part of a global settlement of all regulatory violations alleged or which may be alleged regarding:

(i) the race based underwriting, sales, pricing and policy benefit practices of the Companies prior to the date on which this Regulatory Settlement Agreement is accepted by the Companies; (ii) the conduct of the Companies in the handling of death claims and proofs of loss with respect to specified Unclaimed Benefits; and (iii) all civil claims asserted against the Companies and disposed of by the Stipulation of Settlement (attached hereto as Exhibit 1) in the Action.

1. This Regulatory Settlement Agreement is expressly conditioned upon the adoption of and compliance with the terms of the Stipulation of Settlement by each of the Companies. Any material breach of this Regulatory Settlement Agreement or any material breach of the Stipulation of Settlement relating to the payment or provision of benefits to Class Members by the Companies shall constitute and be deemed to be a violation of an Order of the Domiciliary Insurance Regulator of the individual Companies or Company to whom the violation is attributable, or as a violation of an Order of the Insurance Regulator of any Participating State with jurisdiction over the violation.
2. The Companies are entitled to written notice of any material breach that would constitute a violation of an Order of the Domiciliary Insurance Regulator or a violation of an Order of the Insurance Regulator of any Participating State with jurisdiction over the violation. The Companies shall have 20 days from the date of receipt of such notice in which to cure any such violation or in which to object in writing to the allegation of material breach. Any enforcement action or notice initiated by an Insurance Regulator subject to this Section I.A. shall be mutually

independent and free of any precondition or requirement that notice be initiated or enforcement action be taken by any other Insurance Regulators, including the Domiciliary Insurance Regulator.

3. The Companies are represented by counsel and have been advised of their rights to hearing, administrative review and due process under the applicable laws and regulations of the State of Illinois, as well as with respect to their right to an administrative hearing, administrative review and due process in any state that executes a Consent Order adopting this Regulatory Settlement Agreement and hereby waive all such rights.

II. REGULATORY ENHANCEMENT AND SANCTIONS

- A. An amount of \$1 million (the “Regulatory Enhancement Amount”) shall be paid by the Companies as follows:

1. The Class Members receiving Premium-Paying Relief Amounts under Sections III.A., B and C of the Stipulation of Settlement and the Class Members who received Unclaimed Benefits relief shall be entitled to a per policy share of the Regulatory Enhancement Amount.
2. The Companies shall make payment of the Regulatory Enhancement Amount so allocated no later than the date on which the Companies pay the Cash Refund Amounts pursuant to Section III.C of the Stipulation of Settlement.

- B. An amount of \$1.25 million (the “Allocated Sanction Amount”) shall be paid by the Companies as follows:

1. The Companies shall pay each state, including the District of Columbia, that executes a Consent Order (those state insurance regulators executing

Consent Orders shall hereinafter be referred to as “Participating State” or “Participating States”) their respective Allocated Sanction Amount as set forth in Exhibit 2.² The Companies shall pay each Participating State its respective Allocated Sanction Amount after receipt of the Participating State’s executed Consent Order adopting this Regulatory Settlement Agreement, such payment being made by the Companies within 30 days of the date on which the Companies receive written instructions from such Participating State concerning how such payment shall be made.

2. The Allocated Sanction Amount payable to each Participating State, to be set forth by Exhibit 2, shall be based on the final database of policies agreed to by the actuaries for the Companies and the Primary Regulatory Negotiator. The database shall reflect, amongst other things, the policyholders’ record state of residence for all policies eligible for any form of class settlement relief with the sole exception of those policies issued on or after January 1, 1974 by Southern Life and Health Insurance Company. The Allocated Sanction Amount for each Participating State shall be calculated by first assigning to each State having any eligible policy(s) of record a minimum Allocated Sanction Amount of \$1,000.00. The aggregate value of all minimum Allocated Sanction Amounts shall then be deducted from the total Allocated Sanction Amount of \$1.25 million; and the remaining balance shall be allocated to each State in the same proportion that its number of eligible policy(s) of record bears

² The Companies agree that Exhibit 2 shall be prepared by the Primary Regulatory Working Group (Illinois, Texas, Florida, Louisiana and Missouri) upon completion of the actuarial data required for the exhibits to the Stipulation of Settlement.

to the total number of policies eligible for settlement benefits in all States. Allocated Sanction Amounts so calculated by Exhibit 2 shall be payable only upon a State becoming a Participating State by executing the required Consent Order.

3. To the extent that one or more states do not execute a Consent Order in connection with this Regulatory Settlement Agreement, the Companies shall not be obligated to pay such state(s) its Allocated Sanction Amount, and the Allocated Sanction Amount that would otherwise be due such state(s) shall be retained by the Companies, and the Companies' obligation to pay that portion of the Sanction Amount under this Regulatory Settlement Agreement shall be extinguished.

- C. The payments made pursuant to this Section II shall be in addition to any and all relief that will be paid or provided to Class Members pursuant to the Stipulation of Settlement. The Regulatory Enhancement Amount and the Allocated Sanction Amount shall not be used as a basis for the calculation of Attorneys' Fees and Expenses under the Stipulation of Settlement.

III. REGULATORY RESOLUTION

As to civil or administrative causes, actions, claims, damages, fines, sanctions and losses and demands that arise from acts or omissions related to the subject matter of the Stipulation of Settlement, the Participating States release and forever discharge the Companies from all liability under the insurance and related anti-discrimination laws and regulations of each Participating State related to the marketing, solicitation, application, underwriting, race-based pricing, benefit payment, acceptance, sale, purchase, operation, retention, administration debit or home service collection, servicing or replacement (by means of surrender, partial surrender, loans respecting,

withdrawal of value from and/or termination of any life insurance policy) involving the life insurance policies and accident insurance policies sold, issued, assumed or administered by the Companies prior to the date this Regulatory Settlement Agreement is executed, as well as any obligation to pay death or endowment benefits on Unclaimed Benefits for which relief is provided under Exhibit L of the Stipulation of Settlement. With respect to the issue of Unclaimed Benefits, this release extends only to those policies listed on Exhibit L of the Stipulation of Settlement. This release does not extend to the issue of premiums exceeding face values.

IV. MODIFICATION OR TERMINATION OF THIS AGREEMENT

- A. This Regulatory Settlement Agreement may not be altered or modified except by written instruction executed by the Companies and by the Primary Regulatory Negotiator.
- B. The Companies, in consultation with Lead Counsel and the Primary Regulatory Negotiator, may implement the terms of this Regulatory Settlement Agreement after entry of the Final Judgment and Order Approving Settlement, but before the Final Settlement Date, in which case all provisions in this Regulatory Settlement Agreement that specify actions to be taken on or after the Final Settlement Date shall, to the extent necessary, be deemed to provide that those actions shall be taken on or after the date on which the Companies elect to implement the Regulatory Settlement Agreement.
- C. This Regulatory Settlement Agreement may be terminated as to any individual party at the sole option and discretion of that party if: (i) the Court, or any appellate court(s), rejects, modifies or denies approval of any portion of the Stipulation of Settlement that the terminating party in its (or their) sole judgment

and discretion determine(s) is material, including, without limitation, the terms of relief, the findings of the Court, the provisions relating to notice, the definition of the Class and/or the terms of the Release; or (ii) the Court, or any appellate court(s), does not enter or completely affirm, or alters or expands, any portion of the Final Judgment or Order Approving Settlement, or any of the Court's findings of fact or conclusions of law as proposed by Defendant's Counsel and Lead Counsel, that the terminating party in its (or their) sole judgment and discretion determine(s) is material.

D. This Regulatory Settlement Agreement may be terminated at the sole option of the Companies if:

1. Within 45 days of the execution of this Regulatory Settlement Agreement by the Primary Regulatory Negotiator, the 10 states having the highest total direct written premium for the Companies' in the aggregate, as reported at Schedule T, page 93 of their respective 2000 Annual Statements, do not become Participating States as provided by Section V.A.2 below; or
2. Any state attorney general or regulatory or administrative authority institutes a proceeding against the Companies arising out of or otherwise related to the subject matter of the Regulatory Settlement Agreement.

E. In the event of termination, the terminating party must exercise the option to withdraw from and terminate this Regulatory Settlement Agreement, as provided in Sections IV.C and IV.D above, by providing prompt written notice to the other party of the event triggering the termination.

- F. If an option to withdraw from and terminate this Regulatory Settlement Agreement arises, the parties to the Regulatory Settlement Agreement will not be required for any reason or under any circumstance to exercise that option and any exercise of that option shall be made in good faith.
- G. If this Regulatory Settlement Agreement is terminated pursuant to Sections IV.C, IV.D, and/or V.A then:
1. this Regulatory Settlement Agreement shall be null and void and shall have no force or effect, and no party to this Regulatory Settlement Agreement shall be bound by any of its terms, except for the terms of this Section IV.G;
 2. this Regulatory Settlement Agreement, all of its provisions, and all negotiations, statements and proceedings relating to it shall be without prejudice to the rights of the Companies or of any Insurance Regulator, all of whom shall be restored to their respective positions existing immediately before the execution of this Regulatory Settlement Agreement;
 3. the Companies and their current and former directors, officers, employees, agents, attorneys and representatives expressly and affirmatively reserve all defenses, arguments and motions as to all claims that have been or might later be asserted in connection with the subject matter of this Regulatory Settlement Agreement; and
 4. any Consent Order entered after the date of this Regulatory Settlement Agreement will be deemed vacated and will be without any force or effect.

V. GENERAL MATTERS AND RESERVATIONS

- A. The obligation, although not the ability, of the Parties to conclude the proposed settlement is and will be contingent upon each of the following:
1. acceptance of this Regulatory Settlement Agreement by the Companies' respective Boards of Directors;
 2. within 45 days of the execution of this Regulatory Settlement Agreement by the Primary Regulatory Negotiator, the execution of Consent Orders by Insurance Regulators for the 10 states having the highest total direct written premium for the Companies, in the aggregate, as reported at Schedule T, page 93 of their respective 2000 Annual Statements;
 3. entry by the Court of a Final Judgment and Order Approving Settlement in the Action, from which order the time to appeal has expired or that has remained-unmodified after any appeal(s); and
 4. any other conditions stated in this Regulatory Settlement Agreement.
- B. The parties and their counsel agree to keep the existence and contents of this Regulatory Settlement Agreement and all related negotiations confidential until the date of the first public announcement by any one of the Companies; *provided however*, that this Section shall not prevent earlier disclosure of such information to regulators, rating agencies, financial analysts, or any other person or entity (such as experts, courts, and/or Administrators) to whom the parties agree disclosure must be made to effectuate the terms and conditions of this Regulatory Settlement Agreement.
- C. By execution of the Regulatory Settlement Agreement, the Companies do not intend to release any claim against any insurer for any cost or expense hereunder.

- D. The Primary Regulatory Negotiator represents that it is authorized to negotiate this Regulatory Settlement Agreement on behalf of the State of Illinois and the Insurance Regulators of each of the other forty-nine states and of the District of Columbia. The Primary Regulatory Negotiator acknowledges that the Companies are entering this Regulatory Settlement Agreement in reliance on the fact that the Primary Regulatory Negotiator is authorized to negotiate on behalf of the Insurance Regulators of each of the fifty states in the United States and of the District of Columbia.
- E. The undersigned represents that he is authorized to enter into this Regulatory Settlement Agreement on behalf of the Companies.
- F. All parties agree that no parol or other evidence may be offered to explain, construe, contradict or clarify its terms, the intent of the parties or their counsel, or the circumstances under which the Regulatory Settlement Agreement was made or executed.
- G. This Regulatory Settlement Agreement, with its exhibits, sets forth the entire agreement among the parties with respect to its subject matter, and it may not be altered or modified except by written instruction executed by the Companies and by the Primary Regulatory Negotiator, or by written instruction executed by the Companies and by the appropriate Participating State. The parties expressly acknowledge that no other agreements, arrangements or understandings not expressed in this Regulatory Settlement Agreement exist among or between them which alters or affects the terms described herein.
- H. Any action or proceeding to enforce the provisions of Section II of this Regulatory Settlement Agreement brought by any Participating State shall be

governed by the laws and regulations of such Participating State. In all other respects, this Regulatory Settlement Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Illinois, without regard to the law of any other state whose law might otherwise apply under Illinois' conflict of laws principles.

- I. All time periods set forth herein shall be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by this Regulatory Settlement Agreement or by order of court, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday or a legal holiday, or, when the act to be done is the filing of a paper in court, a day on which weather or other conditions have made the office of the clerk of the court inaccessible, in which event the period shall run until the end of the next day that is not one of the aforementioned days. As used in this Section, "legal holiday" includes New Year's Day, Birthday of Martin Luther King, Jr., Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day and any other day appointed as a holiday by the President or the Congress of the United States or by any of the states adopting this Regulatory Settlement Agreement.
- J. In no event shall the Regulatory Settlement Agreement, any of its provisions or any negotiations, statements or court proceedings relating to its provisions in any way be construed as, offered as, received as, used as or deemed to be evidence of any kind in the Action, any other action, or any judicial, administrative, regulatory

or other proceeding, except a proceeding to enforce this Regulatory Settlement Agreement. Without limiting the foregoing, neither this Regulatory Settlement Agreement nor any related negotiations, statements or court proceedings shall be construed as, offered as, received as, used as or deemed to be evidence or an admission or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including but not limited to the Companies, or as a waiver by the Companies of any applicable defense, including without limitation any applicable statute of limitations or statute of frauds.

- K. The Companies neither admit nor deny violation of any applicable provision of any state insurance code.
- L. Except for the provision or payment of benefits to Class Members pursuant to the Stipulation of Settlement (which shall be deemed supplemental benefits under the applicable life insurance or accident policies), neither this Regulatory Settlement Agreement nor any of the relief to be offered under the proposed settlement shall be interpreted to alter in any way the contractual terms of any Policy or to constitute a novation of any insurance policy.
- M. The Parties, their successors and assigns, and their attorneys undertake to implement the terms of this Regulatory Settlement Agreement in good faith, and to use good faith in resolving any disputes that may arise in the implementation of the terms of this Regulatory Settlement Agreement.
- N. It is the intention of the Companies in signing the Stipulation of Settlement and the Regulatory Settlement Agreement not to preclude inclusion of such Policies identified by ongoing actuarial work by the Companies or the Primary Regulatory Negotiator. Such policyholders will be included as Class Members entitled to

notice if required by the Primary Regulatory Negotiator prior to the time at which it is no longer possible to comply with the need to give notice to Class Members pursuant to the Stipulation of Settlement. The Companies agree that the Fairness Hearing under the Stipulation of Settlement will not be held within the 110 day period immediately following the date on which this Regulatory Settlement Agreement is executed.

- O. This Regulatory Settlement Agreement may be signed in counterparts, each of which shall constitute a duplicate original.
- P. With respect to any and all written documents with respect to which the Primary Regulatory Negotiator has reserved the right to review and approve such documents, the Primary Regulatory Negotiator represents that it has reviewed such documents and that such documents should be deemed approved pursuant to this Regulatory Settlement Agreement; *provided however*, that the Primary Regulatory Negotiator reserves the right to review the Companies distribution of Notice Cards to community centers, churches, shopping facilities and/or such other public places believed to be frequented by Class Members, reasonably in advance of such efforts.
- Q. The Companies enter into this Regulatory Settlement Agreement with the Illinois Department of Insurance acting as Primary Regulatory Negotiator. The terms of this Regulatory Settlement Agreement shall be binding on the Companies, the Primary Regulatory Negotiator and on the Insurance Regulator of any state, or the District of Columbia, that executes a Consent Order, as Parties.
- R. The intent of the Parties is that this Regulatory Settlement Agreement and the Stipulation of Settlement shall be liberally construed to effectuate their remedial purposes.

[SIGNATURE PAGE FOLLOWS]

Agreed to as of the 2nd day of May, 2002.

By: _____
NATHANIEL S. SHAPO, DIRECTOR OF INSURANCE OF THE
STATE OF ILLINOIS AND PRIMARY REGULATORY
NEGOTIATOR

APPROVED AND AGREED TO BY AND ON BEHALF OF UNION
NATIONAL LIFE INSURANCE COMPANY, UNITED INSURANCE
COMPANY OF AMERICA, AND THE RELIABLE LIFE INSURANCE
COMPANY

By: _____
AUTHORIZED REPRESENTATIVE OF THE COMPANIES

STIPULATION OF SETTLEMENT

IT IS HEREBY STIPULATED AND AGREED, by, between and among Plaintiffs in James Williams, et al. v. United Insurance Company of America, et al., No. CV 01-920, Circuit Court of Jefferson County, Alabama (Bessemer Division) (the “Action”), in their individual and representative capacities, and Union National Life Insurance Company (“Union National”), United Insurance Company of America (“United”), and The Reliable Life Insurance Company (“Reliable”) (hereinafter collectively referred to as the “Defendants” or the “Companies”), through their duly authorized counsel, that the Action and the matters raised by the Action are settled, compromised and dismissed on the merits and with prejudice on the terms and conditions set forth in this Stipulation of Settlement (the “Agreement” or “Settlement Agreement”) and the Release set forth herein, subject to the approval of the Court. Capitalized terms used alone and in conjunction with one another have the definitions referred to, or set forth in, Exhibit A hereto. All exhibits to this Settlement Agreement are incorporated by reference as though fully set forth herein.

I. INTRODUCTION

A. ALLEGATIONS AND RESPONSE

1. The complaint filed in the Action alleges that the Companies have engaged in or are responsible for the following conduct.
 - a. Violating the Class Members’ civil rights by knowingly and intentionally charging African-Americans and other minorities more for the Policies than the Companies charged similarly situated Caucasians.
 - b. Maintaining inadequate records and controls and search procedures for identifying multiple policies pertaining to an insured or owner and consequently failing to pay death benefits or endowments under such policies.

2. Defendants expressly deny any wrongdoing alleged in the pleadings and do not admit or concede any actual or potential fault, wrongdoing or liability in connection with any facts or claims that have been or could have been alleged against them in the Action.

B. DISCOVERY

1. Before commencing the Action and during litigation and settlement negotiations, Plaintiffs' counsel conducted an examination and evaluation of the relevant law and facts to assess the merits of Plaintiffs' claims and potential claims and to determine how best to serve the interests of Plaintiffs and the Class.

2. In the course of their examination, counsel for Plaintiffs reviewed voluminous documents and computer data produced by the Companies and interviewed numerous current or former officials of the Companies.

3. After commencement of the Action and during litigation and settlement negotiations, counsel for Defendants conducted a thorough examination and evaluation of the relevant law, facts and allegations to assess the merits of Plaintiffs' claims and potential claims and to determine the strength of Defendants' defenses and Defendants' liability for relief sought in the Action.

C. SETTLEMENT CONSIDERATIONS

1. Based upon their discovery, investigation and evaluation of the facts and law relating to the matters alleged in the pleadings, Plaintiffs and counsel for Plaintiffs and the Class have agreed to settle the Actions pursuant to the provisions of this Settlement Agreement after considering, among other things, (a) the substantial benefits available to Plaintiffs and the Class under the terms of this Settlement Agreement, (b) the attendant risks and uncertainty of litigation, especially in complex actions such as this, as well as the difficulties and delays

inherent in such litigation, and (c) the desirability of consummating this Settlement Agreement promptly to provide effective relief to Plaintiffs and the Class.

2. The proposed settlement has been reviewed by Plaintiffs and their counsel, who agree that this Settlement Agreement is fair, reasonable and adequate because it provides substantial benefits to the Class, is in the best interests of the Class, and fairly resolves the claims alleged in the Action.

3. The proposed settlement has been reviewed by Defendants and their counsel, who agree that this Settlement Agreement is fair, reasonable and adequate because it provides substantial benefits to the Class, is in the best interests of the Class, and fairly resolves the claims alleged in the Action.

II. SETTLEMENT TERMS

A. Pursuant to this Settlement Agreement, Class Members who do not timely request exclusion from the Class under Section VII.A, will have an opportunity to receive one or more forms of the relief described in Section III.

B. If the insured under an Inforce Life Policy or Inforce Accident Policy dies after the Eligibility Date but before the Implementation Date, such Life Policy or Accident Policy shall be treated, for the purposes of this Settlement Agreement, as if it were an Estate on the Eligibility Date.

C. If a Class Member's Inforce Life Policy matures after the Eligibility Date but before the Implementation Date, such Class Member's Inforce Life Policy shall be treated, for the purposes of this Settlement Agreement, as if it were a Matured Life Policy on the Eligibility Date.

D. If a Class Member's Inforce Policy lapses or terminates after the Eligibility Date but before the Implementation Date, such Class Member's Inforce Policy shall be treated, for the purposes of this Settlement Agreement, as if it was Inforce on the Eligibility Date.

E. The Companies and Lead Counsel contractually agree and warrant that they will act in good faith in overseeing and implementing this Settlement Agreement. The Companies contractually agree and warrant that they will not use any extraordinary or exceptional accounting or actuarial principles to recapture from Class Members the costs of the Settlement Agreement or otherwise to deprive Class Members of the benefits provided for in this Settlement Agreement.

F. In the event that relief is unduly burdensome to a particular Class Member, the Companies, with the agreement of Lead Counsel, may provide such Class Member with alternative relief of an equal value as provided in Section XIII.A.

G. The relief provided pursuant to this Settlement Agreement shall be deemed to be benefits paid under, and provided pursuant to, the Policies. Payments made to Class Members who elect Cash Refund Relief shall be considered refunds of premiums previously paid.

H. Notwithstanding any other provision of this Settlement Agreement, no relief pursuant to this Settlement Agreement shall be provided to assignees of any Policy.

III. SETTLEMENT RELIEF

A. ALL PREMIUM-PAYING POLICIES: PREMIUM REDUCTION RELIEF

Each Class Member who owns a Life Policy or Accident Policy that is either Inforce or Reinstated, and upon which future premiums will become due, shall receive Premium Reduction Relief, which relief is in addition to the Increased Death Benefit Relief or, if available to that Class Member and if elected, Cash Refund Relief. For each eligible Class Member, all future premiums due after the Implementation Date on the Class Member's Life Policy or

Accident Policy shall be reduced by the applicable percentage set forth in the Premium Reduction Grid (Exhibit C).

B. INFORCE POLICIES: INCREASED DEATH BENEFIT RELIEF

Each Class Member who owns an Inforce Life Policy or an Inforce Accident Policy shall receive Increased Death Benefit Relief; provided, however, that any Class Member who owns an Inforce Life Policy or Inforce Accident Policy may elect to receive Cash Refund Relief in lieu of Increased Death Benefit Relief. Effective on the Implementation Date and subject to the election of relief pursuant to Section III.C, the Original Death Benefit of each eligible Class Member's Inforce Life Policy or Inforce Accident Policy shall be increased by the applicable percentage set forth on the Death Benefit Enhancement Grid (Exhibit D).

C. INFORCE POLICIES: CASH REFUND RELIEF

Each Class Member who owns an Inforce Life Policy or Inforce Accident Policy as of the Eligibility Date on which he or she has paid a Discriminatory Premium may elect Cash Refund Relief in lieu of Increased Death Benefit Relief. Such election must be made by the Class Member using the Cash Refund Election Card (Exhibit S) and such card must be returned by the Election Date. Each Class Member who elects Cash Refund Relief shall, on (or within a few days of) the Implementation Date, be sent a Cash Refund Amount calculated by using the applicable formula and percentages set forth on the Cash Refund Grid (Exhibit E).

D. TERMINATED LIFE POLICIES OR ACCIDENT POLICIES

Any Class Member who owned a Terminated Life Policy or Terminated Accident Policy may elect to reinstate his or her Terminated Policy in order to receive relief pursuant to the terms of this Settlement Agreement.

1. Reinstatement of Terminated Life Policies

Any Class Member who owned a Terminated Life Policy who wishes to receive relief may reinstate his or her Policy by paying to the Companies the cash surrender value the Terminated Life Policy would have had as of the Eligibility Date, assuming premiums due, if any, pursuant to the terms of the Policy had been paid through the Eligibility Date. Any such Class Member must notify the Companies of his or her wish to reinstate by checking the box marked “Reinstatement” on the “Reinstatement of Policy Request Card” (Exhibit T) and return such card to the United Insurance Settlement Administration Center by the Claim-In Date. The Companies will then notify the Class Member of the amount and procedures required to reinstate the Policy pursuant to this Section III.D.1 and to what address payment must be directed. All underwriting requirements will be waived for reinstatement pursuant to the terms of this Settlement Agreement of such Terminated Life Policies with face amounts of \$5,000 or less, otherwise, Class Members must satisfy the Companies’ current underwriting requirements for Reinstatement. Reinstatement must be elected by returning the Reinstatement of Policy Request Card by the Claim-In Date.

2. Reinstatement of Terminated Accident Policies

Any Class Member who owned a Terminated Accident Policy and who wishes to receive relief may reinstate his or her policy by checking the box marked “Reinstatement” on the “Reinstatement of Policy Request Card” (Exhibit T) and return such card to the United Insurance Settlement Administration Center by the Claim-In Date; the Companies waive all premiums previously due, underwriting, or time requirements for reinstatement, pursuant to the terms of this Agreement, of any such Accident Policy. Reinstatement must be elected by returning the Reinstatement of Policy Request Card by the Claim-In Date.

3. **Calculation of Increased Death Benefit Relief for Reinstated Life Policies or Accident Policies**

Effective on the reinstatement date those Class Members who did not elect Cash Refund Relief on the Reinstatement of Policy Request Card (Exhibit T) will receive Increased Death Benefit Relief as set forth on the Death Benefit Enhancement Grid (Exhibit D). In addition, future premiums, if any, for each such eligible Class Member's Reinstated Life Policy or Accident Policy shall be decreased by the applicable percentage set forth on the Premium Reduction Grid (Exhibit C).

4. **Calculation of Cash Refund Relief for Reinstated Life Policies or Accident Policies**

Eligible Class Members electing Cash Refund Relief must make such election on the Reinstatement of Policy Request Card (Exhibit T) and must return such card to the United Insurance Settlement Administration Center by the Election Date. The amount of such Cash Refund Relief will be computed as set forth on Exhibit E. In addition, future premiums, if any, for each such eligible Class Member's Reinstated Life Policy or Accident Policy shall be decreased by the applicable percentage set forth on the Premium Reduction Grid (Exhibit C).

E. ADDITIONAL INCREASED DEATH BENEFIT RELIEF

Each Class Member who is eligible for Inforce or Reinstated Life Policy or Accident Policy relief may also receive, as of the Accounting Date, Additional Increased Death Benefit Relief subject to the terms and conditions set forth in Exhibit K (which is subject to the terms and conditions of Section XIII.E).

F. ESTATES AND MATURED LIFE POLICIES

**1. Insured Died or Life Policy Matured On or After
January 1, 1960 and On or Before the Eligibility Date**

For each Estate and Matured Life Policy where the insured died or Life Policy matured on or after January 1, 1960 and on or before the Eligibility Date, the Companies, on or about the Implementation Date, will send (subject to the terms and conditions of Sections III.F.2 and III.F.3 below) each eligible Class Member (or his or her beneficiary), a settlement amount in accordance with the following table:

TABLE 1

Date of original death benefit payment	Amount of death benefit relief
A. 01/01/1994 through and including the Eligibility Date.	100% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy multiplied by the factors set forth on Exhibit Q.
B. 01/01/1990 through and including 12/31/1993 for United and Union National Policies. 01/01/1991 through and including 12/31/1993 for Reliable Policies.	100% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy multiplied by the factors set forth on Exhibit Q.
C. 01/01/1988 through and including 12/31/89 for United and Union National Policies. 01/01/1988 through and including 12/31/1990 for Reliable Policies.	100% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy.
D. 01/01/1986 through and including 12/31/1987.	25% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy.
E. 01/01/1984 through and including 12/31/1985.	20% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy.
F. 01/01/1983 through and including 12/31/1983.	15% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy.
G. 01/01/1960 through and including	10% of Death Benefit Enhancement Grid

12/31/1982.	differential multiplied by the Face Amount of the Policy.
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TABLE 2

Date of original endowment payment	Amount of endowment benefit relief
A. 01/01/1994 through and including the Eligibility Date.	100% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy multiplied by the factors set forth on Exhibit Q.
B. 01/01/1990 through and including 12/31/1993 for United and Union National Policies. 01/01/1993 through and including 12/31/1993 for Reliable Policies.	100% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy multiplied by the factors set forth on Exhibit Q.
C. 01/01/1988 through and including 12/31/89 for United and Union National Policies. 01/01/1988 through and including 12/31/1992 for Reliable Policies.	100% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy.
D. 01/01/1986 through and including 12/31/1987.	25% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy.
E. 01/01/1984 through and including 12/31/1985.	20% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy.
F. 01/01/1983 through and including 12/31/1983.	15% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy.
G. 01/01/1960 through and including 12/31/1982.	10% of Death Benefit Enhancement Grid differential multiplied by the Face Amount of the Policy.

2. Companies' Undertaking Concerning Addresses And Claims Process For Estates And Matured Life Policies

To locate eligible Class Members and their beneficiaries for the payments provided for in Tables 1, A-B and 2, A-B above, the Companies will search their electronic

records and use a national address research firm(s) acceptable to Lead Counsel, to locate addresses for (1) Class Members or their beneficiaries who received death benefit payments from January 1, 1990 to the Eligibility Date for United and Union National, and from January 1, 1991 to the Eligibility Date for Reliable, and (2) Class Members or their beneficiaries who received endowment benefit payments from January 1, 1990 to the Eligibility Date for United and Union National, and from January 1, 1993 to the Eligibility Date for Reliable. Cash payments in accordance with Table 1, A-B and Table 2, A-B above will be sent to all such Class Members or their beneficiaries for whom addresses can be located or who have completed the Death or Endowment Claim Form, a copy of which is attached hereto as Exhibit R.

3. Death or Endowment Claim Form

Within 20 days of the Final Settlement Date, the Companies will make available upon request to the United Insurance Settlement Administration Center or the Companies a Death or Endowment Claim Form (Exhibit R) to all Class Members who owned Estates or Matured Life Policies that were Inforce during the dates referenced in Table 1, C-G, and Table 2, C-G above and during which the insured died or the Policy matured. Class Members (or their beneficiaries) must complete and return the Death or Endowment Claim Form by the Claim-In Date. The Companies shall pay Class Members (or their beneficiary(ies)) who submit completed Death or Endowment Claim Forms a cash payment in accordance with the tables above. If the Companies contest a Death or Endowment Claim Form's validity due to a lack of information or no eligible Policy is located in the Companies' Database, Defendants' Counsel and Lead Counsel shall attempt to resolve such claims in good faith. If counsel are unable to do so, the dispute shall be resolved in accordance with the procedures set forth in Section XIV.K.

G. SOUTHERN LIFE POLICIES ISSUED ON OR AFTER JANUARY 1, 1974

Those Class Members with Policies issued by Southern Life on or after January 1, 1974 may receive relief by submitting the Southern Life Claim/Election Form, a copy of which is attached hereto as Exhibit F. The Companies shall provide a Southern Life Claim/Election Form to such Class Members in the Class Notice Package, and to any Class Member upon request to the United Insurance Settlement Administration Center or the Companies. Those Class Members who submit valid Southern Life Claim/Election Forms by the Claim-In Date will receive relief appropriate for their Policy status. The Companies will also mail a Southern Life Reminder Card to those individuals who received Southern Life Claim/Election Forms in order to remind them to complete the Southern Life Claim/Election Forms by the Claim-In Date (a copy of the Southern Life Reminder Card is attached hereto as Exhibit M).

H. DISPUTES WITH RESPECT TO STATUS OR ELIGIBILITY OF CLASS MEMBERS

In the event of a dispute between the Companies and a Class Member regarding that Class Member's status in the class (e.g., premium-paying versus lapsed or terminated, or paid-up versus lapsed or terminated), or eligibility for relief herein (i.e., payment of Discriminatory Premiums or entitlement to Unclaimed Benefit Relief), the Class Member may provide information, including evidence of payment of Discriminatory Premiums during the Class Period, in order to establish the Class Member's status in the class and entitlement to one or more categories of relief. If such information or evidence as submitted by a Class Member or putative Class Member is insufficient to demonstrate to the Companies that the Class Member's status should be changed, or that the putative Class Member is eligible for relief, the Companies shall consult with Lead Counsel within 15 days of receipt of such information or evidence. The Companies and Lead Counsel shall confer to resolve any disagreement concerning the sufficiency of the information provided; however, in the event the Companies and Lead Counsel

disagree with respect to whether the evidence of premium payments or other information supports the putative Class Member's claim that he or she is within the class or has paid a Discriminatory Premium, the Companies and Lead Counsel shall resolve the dispute in accordance with Section XIV.K.

IV. SETTLEMENT RELIEF GUARANTEES

A. GUARANTEE AMOUNTS

The minimum guaranteed Cost to the Companies of the Settlement Relief is a total of \$27 million, consisting of the following components:

1. Premium-Paying Relief Amount: not less than \$12.25 million for Increased Death Benefit Relief and Cash Refund Relief for Policies that are premium-paying on the Implementation Date.
2. Estimated \$4 million of Premium Reduction Relief, which is not guaranteed.
3. Non Premium-Paying Relief Amount: not less than \$5.25 million for Increased Death Benefit Relief and Cash Refund Relief for Inforce Policies that are not premium-paying on the Implementation Date.
4. Estates and Matured Life Policy Relief Amount: not less than \$5.5 million for relief provided pursuant to Section III.F.

B. COMPANIES' UNDERTAKING RESPECTING GUARANTEE AMOUNTS

1. With respect to the \$12.25 million Premium-Paying Relief Amount set forth in Section IV.A.1, on the Accounting Date, the Companies shall provide an accounting to Lead Counsel of the amounts that, based upon the Companies' information on that date relating to Class Members' election of premium-paying relief (including relief provided under Section III.G), will be disbursed to eligible Class Members as either Increased Death Benefit

Relief or Cash Refund Relief pursuant to Sections III.B and III.C. Any portion of the \$12.25 million Premium-Paying Relief Amount that such accounting reveals, as of the Accounting Date, has not and would not be disbursed to eligible Class Members will constitute the Premium-Paying Relief Guarantee Amount and will be distributed in accordance with the methodology set forth on Exhibit K (which is subject to the terms and conditions of Section XIII.E).

2. With respect to the \$5.25 million Non Premium-Paying Relief Amount set forth in Section IV.A.3, on the Accounting Date, the Companies shall provide an accounting to Lead Counsel of the amounts that, based upon the Companies' information on that date relating to Class Members' election of non-premium-paying relief (including relief provided under Section III.G), will be disbursed to eligible Class Members as either Increased Death Benefit Relief or Cash Refund Relief pursuant to Sections III.B and III.C. Any portion of the \$5.25 million Non Premium-Paying Relief Amount that such accounting reveals, as of the Accounting Date, has not and would not be disbursed to eligible Class Members will constitute the Non Premium-Paying Relief Guarantee Amount and will be distributed in accordance with the methodology set forth on Exhibit K (which is subject to the terms and conditions of Section XIII.E).

3. With respect to the \$5.5 million Estates and Matured Life Policy Relief Amount set forth in Section IV.AA on the Accounting Date, the Companies shall provide an accounting to Lead Counsel of the amounts that, based upon the Companies' information on that date, will be disbursed to eligible Class Members as either death benefit relief or endowment benefit relief pursuant to Section III.F (including relief provided under Section III.G). Any portion of the \$5.5 million Estates and Matured Life Policy Relief Amount that such accounting reveals, as of the Accounting Date, has not and would not be disbursed to eligible Class

Members, will constitute the Estates and Matured Life Policy Relief Guarantee Amount and will be distributed in accordance with the methodology set forth on Exhibit K (which is subject to the terms and conditions of Section XIII.E).

C. COMPANIES' CERTIFICATION OF BENEFITS PROVIDED TO CLASS MEMBERS

On the first anniversary after the Implementation Date, the Companies will provide a written certification, reviewed by the Companies' statutorily appointed actuary, in order that Lead Counsel may confirm the Companies' compliance with the Settlement Agreement, including whether the Costs have been properly calculated. At Lead Counsel's request, such certification may be reviewed by the Companies' auditors to confirm compliance with this Settlement Agreement. Any dispute shall be resolved pursuant to Section XIV.K.

V. UNCLAIMED BENEFITS RELIEF

A. As to deceased insureds as to whom United has paid a death benefit since January 1, 1988, and as to whom Union National has paid a death benefit since January 1, 1990, and as to whom Reliable has paid a death benefit since January 1, 1991, the Companies have undertaken a reasonable search of the Companies' Database to determine whether there are any other policies issued or administered by the Companies on which a death benefit or matured life endowment payment was not paid and which also covered the life of the deceased insured or under which an endowment payment was owing to the same insured. If the Companies' search has revealed that the deceased insured was covered by one or more life insurance policies that, at the time of the death of the insured, was premium-paying, fully-paid up or provided coverage due to extended term insurance or reduced paid-up insurance statutory non-forfeiture provisions, and with respect to which a death benefit was not paid, the Companies have used their best efforts to notify the beneficiary or beneficiaries of the life insurance policies (or, if the beneficiary is deceased, his or her estate) and pay any death benefit(s) due, plus any statutorily-required interest. Likewise, if

the Companies' search has revealed that the owner was covered by one or more matured life policies that, at the time it reached maturity, was premium-paying, fully paid-up or provided coverage due to extended term insurance or reduced paid-up insurance statutory non-forfeiture provisions, and with respect to which an endowment was not been paid, the Companies have used their best efforts to notify the owner (or, if he or she is deceased, his or her estate) and pay any endowment or endowments due, plus any statutorily-required interest. In the event a state does not provide statutory interest payments, the Companies have paid 5% simple interest for the above stated relief. These claimants are listed on Exhibit L attached hereto.

B. The Companies estimate that the Cost to the Companies of this Unclaimed Benefits Relief is not less than \$6 million, which is in addition to and not included in the minimum of \$27 million set forth in Section IV.A

C. Not later than the Implementation Date, and unless and until applicable regulations or laws require the use of different search criteria or procedures, the Companies will implement the Unclaimed Benefits Search Criteria (attached as Exhibit P).

D. After the Implementation Date, the Companies shall use death benefit and endowment claim forms that request, *inter alia*, the claimant to specify any other names by which the insured was known (e.g., maiden names or nicknames).

VI. NOTICE TO CLASS MEMBERS AND COMMUNICATIONS WITH CLASS MEMBERS AND POLICYOWNERS

A. CLASS NOTICE PACKAGE

1. Subject to the requirements of the Hearing Order and no later than 70 days before the Fairness Hearing, the Companies shall send a Class Notice Package by first-class mail, postage prepaid, to those Class Members having an address in the Companies' Database or who were identified pursuant to Sections III.F.2 or VI.C, and, in cases of pending class litigation against the Defendants, also to all legal counsel known to represent the Class Member. The

Companies will pay for the costs associated with producing and mailing the Class Notice Package.

2. The Class Notice shall:
 - a. Inform Class Members that, if they do not exclude themselves from the Class with respect to a particular Policy, they will be eligible to receive one or more forms of relief under the proposed settlement.
 - b. Contain a short, plain description of the background of the Action, the Class and the proposed settlement.
 - c. Describe the proposed benefits outlined in Section III, and state that Class Members (except those Class members identified in Sections IILD and G) who do nothing in response to the Class Notice Package will be entitled to receive automatically certain benefits for which they are eligible, as well as to receive certain other benefits for which they are eligible by returning the Cash Refund Election Card.
 - d. Explain the impact of accepting or rejecting the benefits available to them under the Settlement Agreement on any existing class litigation, claim, arbitration or other proceeding.
 - e. Advise Class Members that, if they decide to exclude some, but not all, of their eligible Policies from the Class, they may not be able to use evidence or other information about their Policies or about other claims released in this Settlement Agreement if they pursue claims on Policies excluded from the Class.
 - f. State that any relief to Class Members is contingent on the Court's final approval of the proposed settlement.
 - g. Provide a copy of the Release and explain what claims are not being released.
 - h. Conform to all applicable requirements of the Alabama Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Alabama Constitution, the Rules of the Court and any other applicable law, and shall otherwise be in the manner and form agreed upon by the Parties and approved by the Court.
 - i. Explain that they may exclude themselves from the Class by submitting a written exclusion request postmarked by the Election Date.

- j. Explain that any Class Member who has not submitted a written request for exclusion may, if he or she desires, object to the proposed settlement by filing and serving a written statement of objection no later than the Election Date.
- k. Explain that any Class Member who has filed and served written objections to the proposed settlement may, if he or she so requests, enter an appearance at the Fairness Hearing either personally or through counsel.
- l. Explain that any judgment entered with respect to the Settlement Agreement, whether favorable or unfavorable to the Class, shall include, and be binding on, all Class Members who have not been excluded from the Class, even if they have objected to the proposed Settlement Agreement and even if they have any other claim, class lawsuit or proceeding pending against the Defendants.
- m. Explain the process for providing proof of Class Member status and eligibility, including evidence of premium payments demonstrating that the Class Member has paid a Discriminatory Premium.

3. The Benefit Statement shall provide the Class Member with a simplified summary of certain information in the Class Notice and the following information, where possible and where applicable:

- a. The Class Member's name.
- b. The number of the Policy making the Class Member eligible for relief.
- c. The status of the Policy as of the Eligibility Date.
- d. A statement of the relief for which the Class Member may be eligible.
- e. A statement of what the Class Member needs to do to receive elective relief for which the Class Member may be eligible.
- f. The process for submitting claims for certain Estates and Matured Life Policies.

B. PUBLICATION NOTICE

No later than 60 days before the Fairness Hearing, the Companies will publish on at least one occasion the Publication Notice, a copy of which is attached as Exhibit G, in the newspapers agreed to by Lead Counsel and the Companies. The Companies shall pay all of the costs associated with the Publication Notice.

C. RETENTION OF ADDRESS RESEARCH FIRM

1. No later than 10 days after the Execution Date, the Companies or the Administrator shall retain one or more address research firms which firms shall verify addresses from the Companies' Database and update, as appropriate, such addresses through at least the National Change of Address Register and other agreed to services.

2. For those instances where there is no current address or forwarding address, the Administrator will search national databases in an attempt to obtain a current address for the Class Member.

D. DISTRIBUTION OF NOTICE TO PUBLIC

No later than 65 days before the Fairness Hearing, the Companies shall make available copies of the Notice Card, a copy of which is attached as Exhibit H, to its current Agents and current field offices and the Companies shall distribute copies of the Notice Cards to community centers, churches, shopping facilities, and/or such other public places believed to be frequented by Class Members.

E. DISTRIBUTION OF NOTICE THROUGH REGULATORS

No later than 65 days before the Fairness Hearing, the Companies shall make available copies of the Notice Card to Participating States (as that term is defined in that certain Regulatory Settlement Agreement by and among the Companies and the Illinois Department of Insurance) and to those state regulators who request them. Counsel and the Companies may

request the opportunity to review, prior to distribution, all materials related to the Settlement Agreement created by state regulators.

F. REMAILING AND ADDITIONAL NOTICE

The Companies shall at their expense remail any Class Notice Package returned by the Postal Service with a forwarding address that is received by the Companies or the Administrator at least 35 days before the Fairness Hearing. With respect to Class Notice Packages that are returned without a forwarding address, the Companies shall immediately provide a copy of any returned notice to the address research firm retained pursuant to Section VI.C. In addition, the Hearing Order shall provide that the retained address research firm(s) shall provide to the Companies in connection with each returned Class Notice Package, as soon as is possible, either an updated address or a statement that, following due research (including, but not limited to, using the National Change of Address Register and Social Security numbers) it has been unable to obtain an updated address. The Companies shall remail the Class Notice Package to any Class Member for whom the address research firm provides an updated address, so long as the updated address is provided to the Companies at least 35 days before the Fairness Hearing.

G. RETENTION OF ADMINISTRATOR

Upon consultation and approval of Lead Counsel, the Companies shall at their expense retain one or more Administrators (including subcontractors) to help implement the terms of the proposed Settlement Agreement.

1. The Administrator(s) may assist with various administrative tasks, including, without limitation, (a) mailing or arranging for the mailing or other distribution of the Class Notice Package, (b) arranging for publication of the Publication Notice, (c) preparing and distributing Notice Cards to the Companies' current Agents, field offices and debit agents and collectors, (d) handling returned mail not delivered to Class Members, (e) attempting to obtain

updated address information for Class Members identified in Section III.F.2 and for any Class Notice Packages returned without a forwarding address or an expired forwarding address, (f) making any additional mailings required under the terms of this Settlement Agreement, (g) arranging for and staffing a toll-free telephone number to assist the Parties in responding to inquiries from Class Members and others, (h) answering written inquiries from Class Members and/or forwarding such inquiries to Lead Counsel or its designee, (i) receiving and maintaining on behalf of the Court any Class Member correspondence regarding requests for exclusion and objections to the settlement, and (j) otherwise assisting the Companies with administration of the Settlement Agreement. The Companies will pay the reasonable fees and expenses of the Administrator(s), as well as any other fees and expenses incurred in performing all of the tasks described in this Section VI.G.1.

2. Lead Counsel and/or its designee shall be entitled to observe and monitor the performance of the Administrator to assure compliance with the Settlement Agreement.

3. The contract between the Companies and the Administrator shall obligate the Administrator to abide by the following performance standards.

- a. The Administrator shall accurately and neutrally describe, and shall train and instruct its employees and agents to accurately, objectively and neutrally describe, the provisions of this Settlement Agreement in communications with Class Members.
- b. The Administrator shall provide prompt, accurate and objective responses to inquiries from Lead Counsel or its designee, Defendants and/or Defendants' Counsel.
- c. If, in the course of any communication with a Class Member, the Class Member requests that the Administrator and/or its agent or employee refer the communication to Lead Counsel, or its designee, or the Companies, then the Administrator and/or its agent or employee shall promptly fulfill such request.
- d. If, in the course of any communication with a Class Member, an agent or employee of the Administrator reasonably concludes that the Class Member is not satisfied with the information and/or

assistance provided, then the agent or employee shall promptly refer the Class Member's communication to a supervisor on duty and Lead Counsel or its designee.

4. If the Administrator makes a material or fraudulent misrepresentation to, or fraudulently conceals requested material information from, Lead Counsel or Defendants' Counsel, then the Party to whom the misrepresentation is made (or, in the case of a concealment, the requestor of the information) shall have the right to demand that the Administrator immediately be replaced. If the Administrator fails to perform adequately on behalf of the Companies and the Class, the Parties can agree to remove the Administrator.

**H. COMMUNICATION WITH CLASS MEMBERS AND POLICYOWNERS:
UNITED INSURANCE SETTLEMENT ADMINISTRATION CENTER**

1. The Companies expressly reserve the right to communicate with and respond to inquiries from policyowners and Class Members orally and/or in writing, consistent with the provisions of the Settlement Agreement and it may do so through any appropriate current Agents, as described in this Section VI.H.

2. The Companies and Lead Counsel will establish the United Insurance Settlement Administration Center for the purpose of facilitating and providing information to Class Members regarding the Settlement Agreement and their rights under it. The United Insurance Settlement Administration Center shall include, among other things, a telephone bank with a toll-free telephone number for responding to inquiries from Class Members and other policyowners about the proposed settlement and any issues related to the Settlement Agreement or the Action.

- a. Prior to the mailing of the Class Notice Package, the United Insurance Settlement Administration Center shall be open up to five days per week, 10 hours per day, as needed. From the date of the mailing of the Class Notice Package and ending after the guarantee calculations have been completed as described in Section IV, the United Insurance Settlement Administration Center shall be open five days per week, 10 hours per day.

- b. The Companies will be responsible for the following:
- (i) Staffing the telephone bank with telephone representatives;
 - (ii) Educating the telephone representatives about the background of the Action, the Policies relevant to the proposed settlement, the notice, terms and chronology of the proposed Settlement Agreement;
 - (iii) Training the telephone representatives to explain to Class Members the choices and elections available to them under the Settlement Agreement;
 - (iv) Training the telephone representatives to answer inquiries from Class Members and others;
 - (v) Providing scripts and model questions and answers for the telephone representatives to use in answering inquiries from Class Members and other policyowners;
 - (vi) Training the telephone representatives to refer Class Member or other inquiries to appropriate sources, including, but not limited to, Lead Counsel or its designee if the Class Member so requests or where otherwise appropriate, including under the circumstances described in Sections VI.H.2.c.iii and iv;
 - (vii) Advising policyowners how to inquire if they own Policies within the Class;
 - (viii) Providing for a translation service for non-English speaking Class Members who call the toll-free number;
 - (ix) Providing callers access to a terminal for the hearing-impaired and advise of 711 assistance;
 - (x) Maintaining records reflecting communications with Class Members and Agents;
 - (xi) Providing on site facilities for Plaintiffs' counsel, Defendants' Counsel and the Companies' representatives; and
 - (xii) Taking any other steps to promote accurate and efficient communications with Class Members and others.
- c. Lead Counsel or its designees shall monitor and participate in the education and training process for telephone representatives.

- (i) Lead Counsel or its designee may observe any communications between the Companies or its designee and the telephone representatives and supervisors of telephone representatives, including any training and instruction. Lead Counsel or its designee may participate in all training sessions, speak with telephone representatives and supervisors, and provide additional comment and/or instruction to telephone representatives and/or supervisors as they deem necessary. The Companies may observe any communications between Lead Counsel or its designee and the telephone representatives and supervisors. The Companies, Lead Counsel or its designee may request and obtain a pause or cessation in any training session or other communication with a telephone representative or supervisor to confer regarding the content of the communication or training. All training and other communications between the Parties and telephone representatives and/or supervisors must be agreed upon by the Parties.
- (ii) The Companies and Lead Counsel or its designees shall consult in advance and agree on the preparation of all telephone scripts to be used by the telephone representatives, and all training materials and presentations, whether written or oral, provided to telephone representatives. Lead Counsel shall be provided with complete drafts of all telephone scripts, written materials or written presentations at least five days prior to their use in training. Any proposed changes, modifications or additions to the telephone scripts or written training materials by either Party must be provided to the other Party with sufficient time to permit meaningful comment prior to use. The Parties shall negotiate in good faith concerning any such changes, modifications or additions to facilitate providing clear, understandable and complete information to Class Members.
- (iii) Lead Counsel and its designees may be present on-site at the telephone bank to monitor telephone representatives' handling of Class Members' telephone inquiries and also to speak directly with any Class Member who requests to speak to Plaintiffs' counsel or where such communications with Plaintiffs' counsel are otherwise appropriate.
- (iv) If during monitoring of a telephone call to the toll-free number Lead Counsel or its designee believes that an inaccurate statement has been made to a Class Member, or that the information provided to the Class Member was

confusing, misleading or incomplete, Lead Counsel or its designee may contact the Class Member to address such statements or information.

3. The Companies' Agents may also respond to inquiries from, and/or communicate with, present or former Companies' policyowners about the proposed settlement. However, the Companies shall instruct their current Agents to refer Class Member inquiries to the toll-free number established to respond to such inquiries.

4. Lead Counsel may monitor Agent training by reviewing advance copies of written communications with current Agents about the proposed settlement and by observing live, taped or broadcast presentations or special training programs, if any, on the proposed settlement.

5. Mass and/or generalized communications with Class Members regarding the proposed settlement, whether by Plaintiffs' counsel, the Companies or its current Agents, and whether by mail, telephone scripts, or any other means, shall be made jointly with, or with the approval of, the other Party.

I. MEDIA COMMUNICATIONS

1. Lead Counsel and counsel for the Companies agree to cooperate in good faith to ensure that (a) any comments about or descriptions of the proposed settlement or its value or Cost in the media or in any other public forum are balanced, fair and accurate and (b) any press releases are reviewed by Lead Counsel and Defendants' Counsel before dissemination or publication.

2. On or after the Execution Date, Lead Counsel and the Companies may, after mutual consultation, make press communications announcing settlement of the Action.

VII. REQUESTS FOR EXCLUSION

A. Any potential Class Member who wishes to be excluded from the Class must mail or deliver a written request for exclusion to the Clerk of the Court, care of the address provided in the Class Notice Package, postmarked or delivered no later than 25 days before the Fairness Hearing, or as the Court otherwise may direct, and specifying the Policy or Policies that he or she wants to exclude. The written request for exclusion must identify the Policy or Policies for which the Class Member is requesting exclusion by company and Policy number and must be signed by the Class Member or a representative who has legal authority to sign for the Class Member. A list reflecting all requests for exclusion shall be filed with the Court by the Companies at or before the Fairness Hearing.

B. Any potential Class Member who does not file a timely written request for exclusion with respect to a Policy as provided in the preceding Section VII.A, shall be bound with respect to that Policy by all subsequent proceedings, orders and judgments in the Action relating to the Settlement Agreement, even if he or she has pending class litigation, or subsequently initiates litigation, arbitration or any other proceeding against the Companies relating to that Policy and the claims released in the Action.

VIII. OBJECTIONS TO THE SETTLEMENT

A. Any Class Member who has not filed a timely written request for exclusion for all of his or her Policies and who wishes to object to the fairness, reasonableness or adequacy of this Settlement Agreement or the proposed settlement, onto the award of Attorneys' Fees and Expenses, must deliver to Lead Counsel and Defendants' Counsel and file with the Court, no later than 25 days before the Fairness Hearing or as the Court otherwise may direct, a statement of his or her objection, as well as the specific reason(s), if any, for each objection, including any legal support the Class Member wishes to bring to the Court's attention and any evidence the

Class Member wishes to introduce in support of the objection. Class Members may so object either on their own or through an attorney hired at their own expense.

B. Class Members and their personal attorneys may obtain access at their own expense to the documents disclosed through discovery to Plaintiffs' counsel by Defendants in the Action, but must first agree in writing to be bound by the Stipulation and Order of Confidentiality entered in the Action and attached as Exhibit N. These discovery documents shall be made available by appointment during regular business hours at the offices of Lead Counsel, Milberg Weiss Bershad Hynes & Lerach LLP, 401 B Street, Suite 1700, San Diego, California 92101. Lead Counsel shall inform Defendants' Counsel promptly of any requests by Class Members or their attorneys or other persons or entities for access to such documents.

C. If a Class Member hires an attorney to represent him or her, the attorney must (a) file a notice of appearance with the Clerk of Court no later than 25 days before the Fairness Hearing, or as the Court otherwise may direct, and (b) deliver to Lead Counsel and Defendants' Counsel no later than 25 days before the Fairness Hearing a copy of the same.

D. Any Class Member who files and serves a written objection, as described in Section VIII.A., may appear at the Fairness Hearing, either in person or through personal counsel hired at the Class Member's expense, to object to the fairness, reasonableness or adequacy of this Settlement Agreement or the proposed settlement, or to the award of Attorneys' Fees and Expenses. Class Members or their attorneys intending to make an appearance at the Fairness Hearing must deliver to Lead Counsel and Defendants' Counsel and file with the Court no later than 25 days before the Fairness Hearing, or as the Court otherwise may direct, a notice of intention to appear.

E. Any Class Member who fails to comply with the provisions of this Section VIII shall waive and forfeit any and all rights he or she may have to appear separately and/or object,

and shall be bound by all the terms of this Settlement Agreement and by all proceedings, orders and judgments in the Action.

IX. RELEASE AND WAIVER, AND ORDER OF DISMISSAL

A. RELEASE AND WAIVER

1. Plaintiffs and the Class agree to the following release and waiver, which shall take effect upon entry of the Final Settlement Date:

Plaintiffs and all Class Members hereby expressly agree that they shall release and discharge the Releasees from, and shall not now or hereafter institute, participate in, maintain, maintain a right to or assert against the Releasees, either directly or indirectly, on their own behalf, or on behalf of the Class or any other person or entity, any and all causes of action, claims for damages, awards, equitable, legal and administrative relief, interest, demands or rights, including, without limitation, claims for rescission, restitution or damages of any kind, including those in excess of actual damages and claims for mental anguish relating to claims of civil rights violations arising from discrimination based on race and national origin, whether based on federal, state or local law, statute, ordinance, regulation, contract, common law, or any other source, including, without limitation, the provisions of federal and state civil rights laws, respecting only discrimination on the basis of race or national origin including, without limitation, 42 U.S.C. § 1981, et seq.; and state constitutions, statutes and municipal ordinances modeled after provisions of the Civil Rights Act of 1964, that have been, could have been, may be or could be alleged or asserted now or in the future by Plaintiffs or any Class Member against the Releasees or any of them in the Action or in any other court action or before any administrative body (including any brought by or on behalf of any state attorney general or department of insurance or other regulatory entity or state prosecutorial or other organization), tribunal, arbitration panel, or other adjudicatory body on the basis of, connected with, arising out of, or related to, in whole or in part, the Policies and/or the claims in the Action, including without limitation:

- a. any claim alleging racial discrimination by the Companies in the development, marketing, underwriting or sale of a Policy or the collection of premiums thereon, including, but not limited to, allegations that the Companies charged minorities more than Caucasians for insurance benefits or used pretextual or socioeconomic criteria, such as occupational and geographical criteria, to discriminate against minorities in the development, marketing, underwriting or sale of insurance products or the collection of premiums thereon;

- b. any claim that the Companies, without regard to race, maintained inadequate records and search procedures for identifying multiple policies insuring a single individual and consequently failed to pay death benefits owed on other policies when the insured died; and
- c. any and all claims for attorneys' fees, costs or disbursements incurred by Lead Counsel or any other counsel representing Plaintiffs or Class Members in the Action, or by Plaintiffs or the Class Members in the Action, or any of them, in connection with or related in any manner to the Action, the settlement of the Action, or the administration of such settlement except to the extent otherwise specified in the Settlement Agreement.

2. Nothing in this Release shall be deemed to alter (a) a Class Member's contractual rights to make a claim for benefits that will become payable in the future pursuant to the express written terms of the policy form issued by the Companies, or (b) a Class Member's right to assert any claim that independently arises from acts, facts or circumstances arising after the end of the Class Period; provided however, that this provision shall not entitle a Class Member to assert claims that relate to the allegations in Section I.A. 1.

3. Plaintiffs and Class Members expressly understand that principles of law such as Section 1542 of the Civil Code of the State of California provide that a general release does not extend to claims which a creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor. To the extent that, as a result of or notwithstanding the choice of law provisions in the Settlement Agreement, California or other law may be applicable, Plaintiffs and the Class Members hereby agree that the provisions of Section 1542 and all similar federal or state laws, rights, rules, or legal principles of any other jurisdiction which may be applicable herein, are hereby knowingly and voluntarily waived and relinquished by Plaintiffs and the Class Members, and Plaintiffs and the Class Members hereby agree and acknowledge that this is an essential term of this Release.

4. The Companies expressly agree and understand that they hereby waive any and all defenses against Plaintiffs and Class Members relating to claim splitting, collateral estoppel or other *res judicata* defenses relating to any other claims or causes of action that could have been brought by Class Members relating to their Policies herein that are not released hereby.

5. In connection with this Release, Plaintiffs and the Class Members acknowledge that they are aware that they may hereafter discover racial discrimination or other claims relating to the matters set forth in Section IX.A.1 that are presently unknown or unsuspected, or facts in addition to or different from those that they now know or believe to be true with respect to the matters released herein for acts, facts, circumstances or transactions occurring or arising during the Class Period. Nevertheless, it is the intention of Plaintiffs and the Class Members in executing this Release fully, finally and forever to settle and release all such matters, and all claims relating thereto, which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action or proceeding) with respect to the claims asserted in the Action.

6. Notwithstanding this Section IX, those Class Members who receive relief pursuant to Section V, release only their claims specifically with respect to receipt of Unclaimed Benefit Relief and are identified in Exhibit L.

7. Subject to the provisions of Section XIV.K., nothing in this Release shall preclude any action to enforce the terms of the Settlement Agreement, including participation in any of the processes detailed therein.

8. Plaintiffs and the Class Members hereby agree and acknowledge that the provisions of this Release together constitute an essential term of the Settlement Agreement.

B. ORDER OF DISMISSAL

The Parties will seek and obtain from the Court a Final Judgment and Order Approving Settlement (for which, as a condition of settlement, the time for appeal has expired without any modifications in the Final Judgment or Order Approving Settlement). The Final Judgment and Order Approving Settlement shall, among other things, (a) approve this Settlement Agreement as fair, reasonable and adequate, (b) dismiss the Action with prejudice and on the merits, and (c) incorporate the terms of the Release. Lead Counsel shall also have orders entered in the appropriate jurisdictions dismissing, with prejudice, the Companies from the proceedings listed on Exhibit U.

X. ATTORNEYS' FEES AND EXPENSES

A. Lead Counsel agrees to make, and the Companies agree not to oppose, an application for the award of Attorneys' Fees and Expenses in the Action not to exceed a total of \$8.3 million. This amount will be paid by the Companies, in two stages subject to this Section X.A: (1) \$4,450,000 will be paid, within 10 days of the entry of the Final Judgment and Order Approving Settlement, to Milberg Weiss Bershad Hynes & Lerach LLP ("Milberg Weiss"); and (2) the balance of \$3,850,000 will be paid within 10 days of the Final Settlement Date, also to Milberg Weiss.

B. Lead Counsel, in its sole discretion, shall allocate and distribute this award of Attorneys' Fees and Expenses among counsel for the Class herein.

C. If the award of Attorneys' Fees and Expenses in the Final Judgment and Order Approving Settlement is reversed, vacated, modified, and/or remanded for further proceedings, so as to reduce the total award below 50% of the Attorneys' Fees and Expenses, then Milberg Weiss shall be obligated within 20 days of the entry of the order so reversing, vacating, modifying and/or remanding for further proceedings the Final Judgment and Order Approving

Settlement, to return to the Companies the amount of the award that comprises the difference between what the Companies paid to Milberg Weiss and the award as so ordered.

D. If the Final Judgment and Order Approving Settlement is reversed, vacated, modified, remanded for further proceedings or otherwise disposed of in any manner other than an affirmance of the Final Judgment and Order Approving Settlement as to any matter other than a reduction of the award of Attorneys' Fees and Expenses below the 50% of the Attorneys' Fees and Expenses and the Companies or Lead Counsel properly and timely terminates this Settlement Agreement, then Milberg Weiss shall within 20 days of such termination return to the Companies the first stage payment of Attorneys' Fees and Expenses as set forth in Section X.A. Milberg Weiss' obligation to return such amounts shall be evidenced by its signature below. Milberg Weiss will allocate and distribute this award of Attorneys' Fees and Expenses among counsel for the Class, including Lead Counsel, and others providing services in support of the Action.

E. Any return of Attorneys' Fees and Expenses under this Section X shall be increased by interest earned by Milberg Weiss on such monies. Milberg Weiss' obligation to return any of the Attorneys' Fees and Expenses, as described above, shall be evidenced by a promissory note, which note shall be executed by Milberg Weiss.

F. Lead Counsel may petition the Court for incentive awards of up to \$5,000 per person to be paid to some or all of the named plaintiffs in the actions that are being resolved pursuant to this Settlement Agreement. The purpose of such awards, if any, shall be to compensate the class representatives for efforts and risks taken by them on behalf of the Class. Any incentive awards made by the Court shall be paid by the Companies.

G. The Companies will bear administrative expenses and costs reasonably incurred after the execution of this Settlement Agreement, including the costs of publishing, printing and

mailing the Class Notice Package and publishing the Publication Notice; post-office rental box costs; any processing costs for requests for exclusion, Election Cards, Southern Life Reminder Cards, Southern Life Claim/Election Form, and Death or Endowment Claim Form; fees and disbursements to the Administrator and any other third-party contractors or administrators; expense of establishing and operating the United Insurance Settlement Administration Center; distribution of the Notice Cards; and administration and relief costs of the Settlement Agreement; and if so ordered or agreed, the fees and expenses of the arbitrators for the dispute process described in Section XIV.K and Attorneys' Fees and Expenses described in Section X.A.

H. Neither the Companies nor their past, present and future parents, subsidiaries, predecessors, successors and assigns, nor any of their respective past, present and future officers, directors, employees, general agents, agents, producers, brokers, solicitors, representatives, attorneys, heirs, administrators, executors, insurers, predecessors, successors and assigns, or any of them, shall be liable for or obligated to pay any fees, expenses, costs or disbursements to, or incur any expense on behalf of, any person, either directly or indirectly, in connection with the Action, this Settlement Agreement, or the proposed settlement, other than the amount or amounts expressly provided for in this Settlement Agreement.

XI. ORDER OF NOTICE, FAIRNESS HEARING AND ADMINISTRATION

A. The Parties have negotiated, drafted and agreed to the form of the documents attached hereto as Exhibits A through T and these documents are an integral part of this Settlement Agreement.

B. The Parties will submit this Settlement Agreement, including all attached exhibits, to the Court and seek and obtain from the Court a proposed Hearing Order, unless otherwise agreed to by the Parties. The Hearing Order shall provide for the following.

1. Certification of the Class for settlement purposes only.

2. A finding that the proposed settlement is sufficient to warrant sending notice to the Class.

3. The date for the Fairness Hearing to consider the fairness, reasonableness and adequacy of the proposed settlement and whether it should be approved by the Court.

4. Approval of the proposed Class Notice Package, Publication Notice and additional notice methodology described in this Settlement Agreement.

5. A finding that the Class Notice Package, together with the Publication Notice, the, Notice Card and the United Insurance Settlement Administration Center, (a) is the best practicable notice, (b) is reasonably calculated, under the circumstances, to apprise Class Members of the pendency of the Action and of their right to object to or exclude themselves from the proposed settlement, (c) is reasonable and constitutes due, adequate and sufficient notice to all persons entitled to receive notice, and (d) meets all applicable requirements of the Alabama Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Alabama Constitution, the Rules of the Court and any other applicable law.

The Hearing Order shall also:

6. Direct the Companies or its designee(s) to cause the Class Notice Package to be mailed (and, in cases of pending class litigation against the Defendants, also to all legal counsel known to represent the Class Member) by first-class mail, postage prepaid, no later than 70 days before the Fairness Hearing.

7. Direct the Companies or its designee(s) to publish the Publication Notice as provided in this Settlement Agreement no later than 60 days before the Fairness Hearing.

8. Direct the Companies to distribute the Notice Card (Exhibit H) as provided in Section VLD no later than 65 days before the Fairness Hearing.

9. Order the Companies to retain an address research firm or firms within 10 days of the Execution Date.

10. Order the Companies, or the Administrator(s), to (a) remail any Class Notice Packages returned by the Postal Service with forwarding addresses that are received by the Companies or the Administrator(s) at least 35 days before the Fairness Hearing, and (b) immediately provide copies of any such returned notices that do not include a forwarding address to the address research firm retained by the Companies. In addition, the Hearing Order shall provide that (a) in connection with each returned notice provided to it, the address research firm(s) will return to the Companies or the Administrator, as soon as possible, either an updated address or a statement that, following due research (including, but not limited to, using the National Change of Address Register and Social Security numbers), it has not been able to update that address, and (b) the Companies will remail notice to any Class Member for whom the address research firm provides an updated address, so long as the updated address is provided to the Companies at least 35 days before the Fairness Hearing.

11. Authorize the Parties to expand the distribution of the Class Notice Package and dissemination of the fact of the Settlement Agreement and ability to obtain the Class Notice Package by calling the toll-free telephone number.

12. Order the Companies to file proof of the mailing of the Class Notice Package, publication of the Publication Notice and distribution of the Notice Card to the public at or before the Fairness Hearing.

13. Authorize the Companies, including their current Agents or other representatives and any other retained personnel, to communicate with potential Class Members, Class Members and other present or former policyowners about the Action and the terms of the

proposed settlement, in accordance with Section VLH, and to engage in any other communications within the normal course of the Companies' business.

14. Require each Class Member who wishes to exclude himself or herself from the Class to submit an appropriate, timely written request for exclusion, postmarked no later than 25 days before the date of the Fairness Hearing, to the Clerk of the Court, care of the address provided in the Class Notice Package.

15. Preliminarily enjoin all Class Members who have not timely excluded themselves from the Class as to a Policy from filing, commencing, prosecuting, intervening in, participating in as class members or otherwise, or receiving any benefits or other relief from, any other lawsuit, arbitration or administrative, regulatory or other proceeding or order in any jurisdiction, based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in the Action as to that Policy.

16. Preliminarily enjoin all persons from filing, commencing or prosecuting any other lawsuit as a class action (including by seeking to amend a pending complaint to include class allegations or by seeking class certification in a pending action in any jurisdiction) on behalf of Class Members who have not timely excluded themselves from the Class, if such other lawsuit is based on or relates to the claims and causes of action, or the facts and circumstances relating thereto, in the Action.

17. Order that any Class Member who does not submit a timely, written request for exclusion from the Class will be bound by all proceedings, orders and judgments in the Action relating to this Settlement Agreement, even if such Class Member has previously initiated class litigation or subsequently initiates individual litigation against the Companies or other proceedings encompassed by the Release and relating to a Policy or Policies.

18. Require each Class Member who wishes to object to the fairness, reasonableness or adequacy of this Settlement Agreement or the proposed settlement, or to the award of Attorneys' Fees and Expenses, to deliver to Lead Counsel and Defendants' Counsel and to file with the Court, no later than 25 days before the Fairness Hearing, or at such other time as the Court may direct, a statement of his or her objection, as well as the specific reasons, if any, for each objection, including any legal support the Class Member wishes to bring to the Court's attention and any evidence the Class Member wishes to introduce in support of his or her objection, or be forever barred from separately objecting.

19. Require any attorney hired by a Class Member at the Class Member's expense for the purpose of objecting to this Settlement Agreement, the proposed settlement, or the award of Attorneys' Fees and Expenses, to file with the Clerk of Court and deliver to Lead Counsel and Defendants' Counsel a notice of appearance no later than 25 days before the Fairness Hearing, or as the Court otherwise may direct.

20. Require any Class Member who files and serves a written objection and who intends to make an appearance at the Fairness Hearing, either in person or through personal counsel hired at the Class Member's expense, to deliver to Lead Counsel and Defendants' Counsel and file with the Court no later than 25 days before the Fairness Hearing, or as the Court otherwise may direct, a notice of intention to appear.

21. Require the Companies to specifically instruct and require all of its employees, including its Agents, that they shall not solicit a Class Member to use his or her Cash Refund Relief or Unclaimed Benefit Relief to purchase a new policy or other product from the Companies or their Affiliates.

22. Direct the Companies or its designated agents to rent one or more post office boxes in the name of the Clerk of the Court, to be used for receiving requests for

exclusion, objections and any other communications including Election Cards, and providing that, other than the Court or the Clerk of Court, only the Companies, Lead Counsel and their designated agents shall have access to such post-office boxes.

23. Direct Defendants' Counsel and Lead Counsel, and any other counsel for Plaintiffs or the Class, promptly to furnish each other with copies of any and all objections or written requests for exclusion that might come into their possession.

24. Provide a means for those filing objections to obtain access at their own expense, at Lead Counsel's office, to the documents produced by Defendants through discovery to Plaintiffs' counsel in the Action, and also to deposition transcripts and exhibits thereto in the Action, provided that such individuals shall not be given access to these materials unless and until they enter into the Stipulation and Order of Confidentiality, as set forth in Exhibit N.

25. Contain any additional provisions that might be necessary to implement and administer the terms of this Settlement Agreement and the proposed settlement.

C. Neither Williams nor any other named Plaintiff will request exclusion from the Class, object to the proposed settlement, or file an appeal from or otherwise seek review of any order approving the proposed settlement.

XII. FINAL APPROVAL, AND FINAL JUDGMENT AND ORDER APPROVING SETTLEMENT

A. After the Fairness Hearing, and upon the Court's approval of this Settlement Agreement, the Parties shall seek and obtain from the Court a Final Judgment and Order Approving Settlement, which shall include the following.

1. A finding that the Court has personal and continuing jurisdiction over all Class Members and that the Court has subject matter jurisdiction to approve this Settlement Agreement and all Exhibits thereto.

2. Approval of this Settlement Agreement and the proposed settlement as fair, reasonable and adequate, consistent and in compliance with all applicable requirements of the Alabama Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Alabama Constitution, the Rules of the Court and any other applicable law, and in the best interests of each of the Parties and the Class Members; direct the Parties and their counsel to implement and consummate this Settlement Agreement according to its terms and provisions; and declare this Settlement Agreement to be binding on Plaintiffs and all other Class Members, as well as their heirs, executors and administrators, successors and assigns, and, as to all claims and issues that have or could have been raised in the Action, to have res judicata and other preclusive effect in all pending and future lawsuits or other proceedings encompassed by the Release maintained by or on behalf of Plaintiffs and all other Class Members, as well as their heirs, executors and administrators, successors and assigns.

3. Certification of the Class for settlement purposes.

4. A finding that the Class Notice Package, the Publication Notice and the Notice Card and the notice methodology, including the United Insurance Settlement Administration Center and any outreach or other notice programs agreed to by the Parties pursuant to Section VI, and implemented pursuant to this Settlement Agreement: (a) constituted the best practicable notice; (b) constituted notice that was reasonably calculated, under the circumstances, to apprise Class Members of the pendency of the Action, their right to object to or exclude themselves from the proposed settlement and their right to appear at the Fairness Hearing; (c) were reasonable and constituted due, adequate and sufficient notice to all persons entitled to receive notice; and (d) met all applicable requirements of the Alabama Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Alabama Constitution, the Rules of the Court and any other applicable law.

5. A finding that Lead Counsel and the Class representatives adequately represented the Class for purposes of entering into and implementing the settlement.

The Final Judgment and Order Approving Settlement shall also:

6. Dismiss the Action (including all individual claims and Class claims presented thereby) on the merits and with prejudice, without fees or costs to any Party except as provided in this Settlement Agreement.

7. Incorporate the Release set forth above in Section IX.A and make the Release effective as of the date of the Final Settlement Date.

8. Permanently bar and enjoin all Class Members who have not been timely excluded from the Class with respect to a Policy from: (a) filing, commencing, prosecuting, intervening in, participating in (as class members or otherwise), or receiving any benefits or other relief from, any other lawsuit, arbitration, or administrative, regulatory or other proceeding or order in any jurisdiction based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in the Action as to that Policy; and (b) organizing such non-excluded Class Members into a separate class for purposes of pursuing as a purported class action (including by seeking to amend a pending complaint to include class allegations, or by seeking class certification in a pending action) any lawsuit based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in the Action as to that Policy.

9. Permit the Companies, in the event that a Class Member who has not been timely excluded from the Class initiates any litigation or proceeding against the Companies based on or relating to the claims and causes of action included in the Release, as to his or her Policy or Policies, to request an order from the Court, for good cause shown, (a) enjoining the Class Member from pursuing the litigation or other proceeding, and (b) requiring the Class Member and/or his or her attorney to indemnify the Companies for the Companies' expense of

defending any such litigation or proceeding or seeking relief from this Court by way of injunction or otherwise, including contempt proceedings. Lead Counsel reserve the right to oppose any such request by the Companies.

10. Authorize the Parties, without further approval from the Court, to agree to and adopt such amendments, modifications and expansions of this Settlement Agreement and all exhibits attached to the Settlement Agreement as (a) are not materially inconsistent with the Final Judgment and Order Approving Settlement, and (b) do not limit the rights of Class Members under the Settlement Agreement.

11. Authorize the Companies, in consultation with Lead Counsel and without approval from the Court, to implement the settlement before the Final Settlement Date, in which case all provisions in this Settlement Agreement that specify actions to be taken on or after the Final Settlement Date shall, to the extent necessary, be deemed to provide that those actions shall be taken on or after the date on which the Companies elect to implement the Settlement Agreement.

12. Require that, in the event that the Companies determine to implement the settlement before the Final Settlement Date, anyone seeking to appeal from the Court's rulings must first (a) request to intervene upon a representation of inadequacy of counsel, (b) request a stay of implementation of the settlement, and (c) post an appropriate bond in the amount of the relief provided in the Settlement Agreement, including all related fees and costs and, absent satisfaction of each of these three requirements, authorize the Companies to proceed with implementation of the settlement, even if such implementation would moot the appeal.

13. Without affecting the finality of the Final Judgment and Order Approving Settlement for purposes of appeal, retain jurisdiction as to all matters relating to the administration, consummation, enforcement and interpretation of this Settlement Agreement and

the Final Judgment and Order Approving Settlement, and for any other necessary purpose; provided however, that nothing in this Section shall restrict the ability of the Parties to exercise their rights under Section VIII.

14. Incorporate any other provisions that the Court deems necessary and just.

XIII. MODIFICATION OR TERMINATION OF THIS AGREEMENT

A. The terms and provisions of this Settlement Agreement may be amended, modified or expanded by agreement of Lead Counsel and Defendants' Counsel and approval of the Court; provided however, that after entry of the Final Judgment and Order Approving Settlement Lead Counsel and Defendants' Counsel may by agreement effect such amendments, modifications or expansions of this Settlement Agreement and its implementing documents (including all exhibits to the Settlement Agreement) without notice to or approval by the Court if such changes are not materially inconsistent with the Court's Final Judgment and Order Approving Settlement and do not limit the rights of Class Members under the Settlement Agreement.

B. The Companies, in consultation with Lead Counsel and without approval of the Court, may implement the terms of the settlement after entry of the Final Judgment and Order Approving Settlement but before the Final Settlement Date, in which case all provisions in this Settlement Agreement that specify actions to be taken on or after the Final Settlement Date shall, to the extent necessary, be deemed to provide that those actions shall be taken on or after dates on which the Companies elect to implement the Settlement Agreement.

C. This Settlement Agreement will terminate at the sole option and discretion of Defendants or Plaintiffs if (a) the Court, or any appellate court(s), rejects, modifies or denies approval of any portion of this Settlement Agreement or the proposed settlement that the terminating Party in its (or their) sole judgment and discretion determine(s) is material,

including, without limitation, the terms of relief, the findings of the Court, the provisions relating to notice, the definition of the Class and/or the terms of the Release; or (b) the Court, or any appellate court(s), does not enter or completely affirm, or alters or expands, any portion of the Final Judgment or Order Approving Settlement, that the terminating Party in its (or their) sole judgment and discretion determine(s) is material. The terminating Party must exercise the option to withdraw from and terminate this Settlement Agreement, as provided in this Section no later than 20 days after receiving notice of the event prompting the termination.

D. Notwithstanding the preceding Section XIII.C, Plaintiffs may not terminate this Settlement Agreement solely because of the amount of Attorneys' Fees and Expenses awarded by the Court or any appellate court(s). Defendants, however, may elect to terminate this Settlement Agreement if the amount of Attorneys' Fees and Expenses awarded exceeds the amount which it has agreed in this Settlement Agreement not to oppose.

E. In the event that persons or entities who elect to exclude themselves from the Class (excluding Class Members with Terminated Policies, Class Members eligible for relief pursuant to Exhibit L, Class Members who become eligible for relief by submitting the Death or Endowment Claim Form, Class Members with Policies issued by Southern Life on or after January 1, 1974, and current and former Agents of the Companies and Releasees) with respect to any Policy or Policies together own more than 2.5% ("Exclusion Rate") of all Policies owned by Class Members, the Parties will determine whether any single category of Class Members has an Exclusion Rate in excess of 2.5%.

1. If it is determined that the Premium-Paying Relief Amount category has an Exclusion Rate for premium-paying Policies in excess of 2.5%, then the guarantee amount set forth in Section W.A. I shall be reduced by a percentage equal to the actual Exclusion Rate for premium-paying Policies less 2.5%.

2. If it is determined that the Non Premium-Paying Relief category has an Exclusion Rate for non-premium-paying Policies in excess of 2.5%, then the guarantee amount set forth in Section IV.A.3 shall be reduced by a percentage equal to the actual Exclusion Rate for non-premium-paying Policies less 2.5%.

3. If it is determined that the Estates and Matured Life Policy Relief Amount category has an Exclusion Rate for Estates and Matured Life Policies in excess of 2.5%, then the guarantee amount set forth in Section IV.A.4 shall be reduced by a percentage equal to the actual Exclusion Rate for Estates and Mature Life Policies less 2.5%.

4. There shall be no proportional reduction for any Class Members who opt out of the Settlement Agreement and would have been required to claim in to receive relief pursuant to Sections III.F.3 and III.G.

5. No Class Members' relief, other than Additional Increased Death Benefit Relief, shall be reduced as a result of Sections XIII.E.1, 2 and 3.

F. Upon termination of the Settlement Agreement pursuant to this Section XIII, then the following consequences shall result:

1. This Settlement Agreement shall be null and void and shall have no force or effect, and no Party to this Settlement Agreement shall be bound by any of its terms.

2. This Settlement Agreement, all of its provisions, and all negotiations, statements and proceedings relating to it shall be without prejudice to the rights of Defendants, Plaintiffs or any other Class Member, all of whom shall be restored to their respective positions existing immediately before the execution of this Settlement Agreement.

3. Defendants and their current and former directors, officers, Agents, employees, attorneys and representatives expressly and affirmatively reserve all defenses, arguments and motions as to all claims that have been or might later be asserted in the Action,

including (without limitation) any applicable statutes of limitation and the argument that the Action may not be litigated as a class action.

4. Plaintiffs and their current and former predecessors, successors, heirs, agents, attorneys, representatives or assigns expressly and affirmatively reserve all motions as to, and arguments in support of, all claims that have been or might later be asserted in the Action, including (without limitation) any argument concerning class certification and/or punitive damages.

5. Neither this Settlement Agreement, nor the fact of its having been made, shall be admissible or entered into evidence for any purpose whatsoever.

6. Any order or judgment entered after the date of this Settlement Agreement will be deemed vacated and will be without any force or effect.

XIV. GENERAL MATTERS AND RESERVATIONS

A. The Settlement Agreement is contingent upon entry by the Court of the Final Judgment and Order Approving Settlement, from which order the time to appeal has expired or which has remained unmodified after any appeal(s).

B. The Parties and their counsel agree to keep the existence and contents of this Settlement Agreement and all related negotiations confidential until the date of the first public announcement by the Companies; provided however, that this Section shall not prevent earlier disclosure of such information to regulators, rating agencies, financial analysts, Agents, or any other person or entity (such as experts, courts, and/or Administrators) to whom the Parties agree disclosure must be made to effectuate the terms and conditions of this Settlement Agreement.

C. Plaintiffs and their counsel agree that the documents made available to them through the discovery process were made available on the condition that neither Plaintiffs nor their counsel may disclose the documents to third parties (other than experts or consultants

retained by Plaintiffs in connection with this case), that the documents not be the subject of public comment, and absent agreement by the Companies, the documents may not be used by Plaintiffs or their counsel in connection with any pending motion for class certification or in any other way in this litigation, or in any other litigated proceeding, should the Action not settle; provided however, that nothing contained herein shall prohibit Plaintiffs from seeking such documents through formal discovery or from referring to the existence of such information in connection with the Action or the settlement of this litigation.

D. Two years after the Final Settlement Date or promptly after termination of this Settlement Agreement, whichever comes first (unless the time is extended by agreement of the Parties), Plaintiffs and their counsel will return to Defendants' Counsel all documents (and all copies of such documents in whatever form made or maintained) produced by Defendants in the Action, as well as all transcripts of and exhibits to any deposition testimony provided by Defendants or their current or former officers, employees or Agents (and all copies of such documents in whatever form made or maintained).

E. By execution of this Settlement Agreement, the Companies do not intend to release any claim against any insurer for any cost or expense hereunder, including attorneys' fees and costs.

F. Lead Counsel represents that it is authorized to enter into this Settlement Agreement on behalf of Plaintiffs and any other attorneys who have represented or who now represent Plaintiffs in the Action with respect to the claims in the Action.

G. Plaintiffs represent and certify that (a) they have agreed to serve as a representative of the Class proposed to be certified herein; (b) they are willing, able and ready to perform all of the duties and obligations of representatives of the Class, including, but not limited to, being available for discovery and fact finding; (c) they have read the pleadings in the

Action, including the Complaint, or have had the contents of such pleadings described to them; (d) they have been kept apprised of the progress of the Action and/or the settlement negotiations among the Parties, and have either read this Settlement Agreement, including the exhibits attached to the Settlement Agreement, or have received a description of it from Lead Counsel, and they have agreed to its terms; (e) they have consulted with Lead Counsel and/or other Plaintiffs' counsel of record about the Action, this Settlement Agreement and the obligations of a representative of the Class; (f) they have authorized Lead Counsel to execute this Settlement Agreement on their behalf; and (g) they will remain and serve as representatives of the Class until the terms of this Settlement Agreement are effectuated, this Settlement Agreement is terminated in accordance with its terms, or the Court at any time determines that said Plaintiffs cannot represent the Class.

H. Each of the persons executing this Settlement Agreement on behalf of Defendants represents that he is authorized to enter into this Settlement Agreement on behalf of Defendants and any attorneys who have represented or who now represent Defendants in the Action.

I. This Settlement Agreement sets forth the entire agreement among the Parties with respect to its subject matter, and it may not be altered or modified except in accordance with Section XIII.A or other written agreement of the Parties. The Parties expressly acknowledge that no other agreements, arrangements or understandings not expressed in this Settlement Agreement exist among or between them.

J. This Settlement Agreement and any ancillary agreements shall be governed by and interpreted according to the law of the State of Alabama excluding its conflict of laws provisions.

K. Any action to enforce this Settlement Agreement shall be commenced and maintained only in this Court; provided, however, that Lead Counsel and Defendants' Counsel

agree that any and all disputes, claims or controversies arising out of or relating to this Agreement brought by Class Members, that are not resolved by mutual agreement shall be submitted to final and binding arbitration before JAMS or its successor; notwithstanding the foregoing, Lead Counsel has sole discretion to consent, and must do so in writing to such arbitration involving it and/or Class Members. Any party may commence the arbitration process called for in this agreement by filing a written demand for arbitration with JAMS with a copy to the other party. The arbitration will be conducted in accordance with the provisions of JAMS' "Streamlined Arbitration Rules and Procedures" in effect at the time of filing of the demand for arbitration. The parties agreeing to such arbitration will cooperate with JAMS and with one another in selecting an arbitrator from JAMS' panel of neutrals, and in scheduling the arbitration proceedings. The participating parties covenant that they will participate in the arbitration of good faith, and that they will share equally in its costs or unless otherwise agreed in writing by the participating parties or as ordered by the arbitrator. The provisions of this Section K may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered.

L. Whenever this Settlement Agreement requires or contemplates that one Party shall or may give notice to the other, notice shall be provided by facsimile and/or next-day (excluding Sunday) express delivery service as follows:

1. If to the Companies, then to

Francesca J. Robertson
United Insurance Company of America
One East Wacker Drive
Chicago, Illinois 60601
Telephone: (312) 661-4873
Facsimile: (312) 661-4547

and

Harold C. Hirshman
Sonnenschein Nath & Rosenthal
Sears Tower 8000
233 South Wacker Drive
Chicago, Illinois 60606
Telephone: (312) 876-8025
Facsimile: (312) 876-7934

2. If to Plaintiffs, then to

John J. Stoia, Jr.
Milberg Weiss Bershad Hynes & Lerach LLP
401 B Street
Suite 1700
San Diego, California 92101
telephone: (619) 231-1058
facsimile: (619) 231-7423

and

Bob F. Wright
Domengeaux Wright Roy & Edwards
556 Jefferson Street
Suite 500
Lafayette, Louisiana 70502
telephone: (337) 233-3033
facsimile: (337) 232-8213

M. All time periods set forth herein shall be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by this Settlement Agreement or by order of court, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday or a legal holiday, or, when the act to be done is the filing of a paper in court, a day on which weather or other conditions have made the office of the clerk of the court inaccessible, in which event the period shall run until the end of the next day that is not one of the aforementioned days. As used in this Section, “legal holiday” includes New Year’s Day, Birthday of Martin Luther King, Jr., Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving

Day, Christmas Day and any other day appointed as a holiday by the President or the Congress of the United States.

N. The Parties reserve the right, subject to the Court's approval, to make any reasonable extensions of time that might be necessary to carry out any of the provisions of this Settlement Agreement.

O. All Parties agree that this Settlement Agreement was drafted by counsel for the Parties at arm's length, and that no parol or other evidence may be offered to explain, construe, contradict or clarify its terms, the intent of the Parties or their counsel, or the circumstances under which the Settlement Agreement was made or executed.

P. In no event shall the Settlement Agreement, any of its provisions or any negotiations, statements or court proceedings relating to its provisions in any way be construed as, offered as, received as, used as or deemed to be evidence of any kind in the Action, any other action, or any judicial, administrative, regulatory or other proceeding, except a proceeding to enforce this Settlement Agreement. Without limiting the foregoing, neither this Settlement Agreement nor any related negotiations, statements or court proceedings shall be construed as, offered as, received as, used as or deemed to be evidence or an admission or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including, but not limited to, Defendants.

Q. Defendants expressly deny any wrongdoing alleged in the pleadings and do not admit or concede any actual or potential fault, wrongdoing or liability in connection with any facts or claims that have been or could have been alleged against them in the Action, but consider it desirable for the Action to be settled and dismissed because this settlement will (a) provide substantial benefits to the Companies' present and former policyowners, (b) avoid the substantial expense and the further disruption of the management and operation of the

Companies' business due to the pendency and defense of the Action, and (c) finally put Plaintiffs' claims and the underlying matters to rest.

R. Plaintiffs expressly affirm that the allegations contained in the Complaint were made in good faith and have a substantial basis in fact, but consider it desirable for the Action to be settled and dismissed because of the substantial benefits that the proposed settlement will provide to Class Members.

S. No opinion concerning the tax consequences of the proposed settlement to individual Class Members is being given or will be given by the Companies, Defendants' Counsel or Lead Counsel; nor is any representation or warranty in this regard made by virtue of this Settlement Agreement. The Class Notice Package will direct Class Members to consult their own tax advisors regarding the tax consequences of the proposed settlement, including any payments, contributions or credits provided hereunder, and any tax reporting obligations they may have with respect thereto. Each Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Class Member.

T. The Parties, their successors and assigns, and their attorneys undertake to implement the terms of this Settlement Agreement in good faith, and to use good faith in resolving any disputes that may arise in the implementation of the terms of this Settlement Agreement.

U. The Parties, their successors and assigns, and their attorneys agree to cooperate fully with one another in seeking court approval of this Settlement Agreement and to use their best efforts to effect the prompt consummation of this Settlement Agreement and the proposed settlement.

V. This Settlement Agreement may be signed in counterparts, each of which shall constitute a duplicate original.

* * * * *

[SIGNATURE PAGE FOLLOWS]

Agreed to as of February 28, 2002

APPROVED AND AGREED TO BY AND ON BEHALF
OF JAMES WILLIAMS, BARBARA BROWN AND MYRTLE PERKINS
IN THEIR INDIVIDUAL AND REPRESENTATIVE CAPACITIES

By: _____
John J. Stoia, Jr.
Milberg Weiss Bershad Hynes & Lerach LLP
Lead Counsel for Plaintiffs

By: _____
Bob F. Wright
Domengeaux Wright Roy &
Edwards
Lead Counsel for Plaintiffs

APPROVED AND AGREED TO BY AND ON BEHALF
OF THE COMPANIES BY:

UNION NATIONAL LIFE INSURANCE
COMPANY

UNITED INSURANCE COMPANY
OF AMERICA

By: _____
Name: Jerry W. Hester
Title: President

By: _____
Name: Don M. Royster, Sr.
Title: President

THE RELIABLE LIFE INSURANCE COMPANY

By: _____
Name: Don M. Royster, Sr.
Title: President